

# HOUSE BILL REPORT

## SHB 2401

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**As Passed House:**  
February 10, 2006

**Title:** An act relating to developing regional compacts for siting transmission lines.

**Brief Description:** Developing regional compacts for siting transmission lines.

**Sponsors:** By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris and B. Sullivan).

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 1/10/06, 1/20/06 [DPS].

**Floor Activity:**

Passed House: 2/10/06, 98-0.

**Brief Summary of Substitute Bill**

- Establishes a task force to negotiate the terms of a regional compact to site electric transmission corridors of national interest.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Hankins, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

**Staff:** Scott Richards (786-7156).

**Background:**

*National Energy Policy Act of 2005*

The National Energy Policy Act of 2005 (Act) was signed into law August 2005. Section 1221 of the Act authorizes the United States Secretary of Energy (Secretary) to conduct a study within one year of passage, and triennially thereafter, of electric transmission congestion. The Secretary will issue a report based on the study, which may designate any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers as a national interest energy electric transmission corridor.

In determining whether to designate a particular area as a national interest electric transmission corridor, the Secretary may consider the following:

- whether the economic vitality and development of the corridor, or the end markets served by the corridor, may be constrained by lack of adequate or reasonably priced electricity;
- whether economic growth in the corridor, or the end markets served by the corridor, may be jeopardized by reliance on limited sources of energy; and a diversification of supply is warranted;
- whether the energy independence of the United States would be served by the designation;
- whether the designation would be in the interest of national energy policy; and
- whether the designation would enhance national defense and homeland security.

*Federal Energy Regulatory Commission's (FERC) Backstop Authority*

The Act authorizes the FERC to issue permits for construction or modification of electric transmission in a national interest transmission corridor if:

- a state does not have siting authority;
- a state does not consider interstate benefits;
- a state has withheld approval for more than one year after the filing of an application or one year after the designation as a national interest electric transmission corridor; or
- a state has conditioned its approval in such a manner that there will be no significant reduction of transmission congestion.

*Interstate Compact*

Section 1221 prohibits FERC from exerting backstop authority if three or more contiguous states enter into an interstate compact establishing a regional transmission siting agency. The creation of an interstate compact is subject to approval by the U.S. Congress.

The Act grants regional compact agencies the authority to facilitate siting of future electric energy transmission facilities with compact states and to carry out the electric energy transmission siting responsibilities of compact states. The FERC retains authority to issue a permit for construction or modification of an electric transmission facility with a compact state, if members' states are in disagreement and the Secretary finds it an impediment to completing the work.

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**Summary of Substitute Bill:**

*Purpose of Task Force*

A task force is established to negotiate the terms of an interstate compact to assert jurisdiction over national interest electric transmission corridors satisfactory to provisions of the Act.

*Membership*

The chair and ranking minority member from the Senate Water, Energy and Environment Committee and the House Technology, Energy and Communications Committee serve as legislative representatives on the task force. After the task force is formed members will choose co-chairs representing the House and the Senate from among its legislative membership. The Governor may appoint five members to serve on the task force.

*Energy Facilities Siting Evaluation Council to Serve as Model (EFSEC)*

The task force is instructed to ensure the compact reflects as close as possible the Washington State EFSEC model and its procedures to ensure appropriate adjudicative proceedings and mitigation of environmental impacts.

*Task Force Staff Support*

Staff support for the task force members is provided from respective legislative committees and appropriate agencies appointed by the Governor.

*Role of the Pacific Northwest Economic Region*

The task force is to negotiate the terms of the compact through processes established and supported by the Pacific Northwest Economic Region (PNWER).

*Reporting Requirements*

The task force is required to report to the appropriate committees of the Legislature its preliminary recommendations on the compact by January 1, 2007 and its final recommendations by September 1, 2007.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** The Act allows the FERC to site national interest electric transmission corridors if there is no state authority in place to site these corridors. Washington does not have an agency in place. If states join together through a regional compact to site corridors then states may maintain authority. The process for adjudication and mitigation established through creation of the EFSEC would serve as a good model for the compact. This bill is timely with passage of the Act. The time to act now, even if we just start the process of acting. It's unclear what the Secretary will do next in regards to siting the corridors. Other states are interested in joining together to form a compact to address these issues and retaining authority in the region. The Western Interstate Nuclear Compact could serve as a good model.

(With concerns) The scope of the bill may be too broad. Control over construction, operations and safety of transmission lines exceeds authority needed to site a transmission line. They could cause jurisdictional conflicts between FERC and between state agencies. Authority should be limited to just siting a transmission line.

**Testimony Against:** None.

**Persons Testifying:** Representative Jeff Morris, prime sponsor; and Neil Parekh, Pacific Northwest Economic Region.

(With concerns) Collins Sprague, Avista Corporation.

**Persons Signed In To Testify But Not Testifying: None.**